

Pursuant to due call and proper notice thereof, a meeting of the Breckenridge Public Utilities Commission was held on Monday, January 8, 2024 at 2:00pm, at City Hall – Council Chambers.

Present: Commissioners Graves, Martinson, Larson, Karlgaard and Summerville

Absent: None

Others Present: Director of Public Services Crocker, City Administrator Conway, and Finance Officer Johnson

**Approval of Agenda**

The agenda was approved as printed.

**Approval of Minutes**

Commissioner Martinson offered a motion to approve the minutes from the regular meeting of Monday, December 18, 2023. The motion was seconded by Commissioner Graves and carried unanimously.

**City Officials**

None.

**Utility Management**

**Bills and Claims**

Commissioner Graves offered a motion to approve the following Bills and Claims. The motion was seconded by Commissioner Summerville and carried unanimously.

12-31-23 Bills and Claims- Util		
Acuren	Bucket/Digger Inspection- Electric	\$ 990.00
Daily News	Ad- Water/Wstwater Position	209.60
Gopher State One-Call	Locates	5.40
KBMW	Electric Advertising	227.50
OK Tire Store	02' Ford Tires- Electric	204.31
Stuart Irby	Inventory	429.18
Thein Well	Annual Inspection of Well/Pump	215.00
		\$ 2,280.99

601 Electric \$ 1,852.79  
 602 Sewer 106.60  
 603 Water 321.60  
**TOTAL: \$2,280.99**

01-08-24 Bills and Claims- Util		
Breckenridge Port Authority	Cold Storage Rent-PU	\$ 1,000.00
Graymont (WI) LLC	Chemicals- W Plant	6,489.59
Midcontinent Communications	Int- PU	110.23
MN Municipal Util. Assn.	2024 Dec- March Safety/Elect Training- PU	2,830.07
Omni-Pro Software Inc	2024 LM Software License & Support	3,449.60
Postmaster-US Postal Service	Utility Bills Postage	310.00

Tyler Technologies-Incode	2024 ERP Utility Access Fee	864.00
Waste Mgmt Of WI-MN	Garbage- PU	485.32

\$ 15,538.81
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601 Electric \$ 6,301.29  
602 Sewer 391.33  
603 Water 8,846.19  
**TOTAL: \$15,538.81**

**Crew Updates**

**Electric:** Director of Public Services Crocker informed the Commission the electrical department just finished their inventory audit for 2023, doing work orders, etc.

**Water/Wastewater:** The water/sewer just finished their inventory audit for 2023 as well, and they have started working with Thein Well on finishing the Well #1 update and are now working on Well #2 as Thein Well found issues that may either be a leak in the check valve or a hole in the casing in Well #2 where it's losing about 20 gallons per minute.

**Daily News Profile 2024 Ad**

The Finance Officer provided an ad handout for Daily News as the BPU Commission allowed for an ad last year. MRES through their Bright Energy Solutions Program (rebate program) allows for up to \$3,000 to spend on advertising of the rebate program along with the utilities company. Commissioner Karlgaard offered a motion to approve a Quarter Page ad at \$435.00 for the Daily News Profile 2024. The motion was seconded by Commissioner Martinson and carried unanimously.

**Breckenridge Public Utilities Truck Quotes**

Director of Public Services Crocker provided various quotes for the Electric Department and the Water Department to update their current vehicles as they have both spent approximately \$25,000 on repairs in the last year and will continue to need more work if used in their fleet. He also noted that in the 2024 Management Letter the Electric Department was approved for up to \$60,000 and the Water Department was approved up to \$50,000. Director of Public Services also had approval in the 2024 Management Letter for truck up to \$35,000 but he has not found one at this time. The following quotes were as followed:

Electric Department

2024 GM Chevrolet Silverado 2500HD 4WD Crew Cab	\$59,310.00
2024 Chevrolet Silverado 2500HD Standard Cab	\$54,045.00

Water Department

2020 Ford F-250 Crew Cab Knapheide Service Truck	\$45,199.00
2017 Ford F-250 Crew Cab SL Service Truck	\$40,893.00
2018 Ford F-250 Super Cab Knapheide Service Truck	\$37,999.00

There was discussion on the body style of the Water department truck quotes on knapheide body style verse SL had better quality and lifespan. Both trucks were not fully serviced yet, but will be ready in the upcoming weeks. Commissioner Graves offered a motion to recommend to City Council the \$59,310 2024 GM Chevrolet Silverado 2500HD for the Electric Department and \$45,199.00 2020 Ford F-250 Crew Cab Knapheide Service Truck for the Water Department. The motion was seconded by Commissioner Karlgaard and carried unanimously.

**Water Operator Position**

Director of Public Services Crocker informed the Commission that they had interviewed four applicants for the Water Operator position and had offered the position to James Finkral and it was accepted. This was information only.

**Electric Rate Increase Proposal**

Finance Officer Johnson provided handouts to the Commission with four rate increase options with updated numbers. As noted previously MRES will be doing a 2.5% increase January 1, 2024, with rate increases from 2025 to 2028 at projected 5% annually for a total of approximately \$469,977.70. As discussed in prior meetings a meter rate increase and adding a kWh for both residential as well as Commercial/Government and Industrial was broken out below. Keeping the load management (LM) as is plays a large factor in keeping power costs low during high use times. So, there would be no increase to that rate. But the Industrial demand charges for kw (kilowatts) was agreed upon to increase to \$3.00 with the kWhs of residential, commercial, and governmental. Finance Officer Johnson provided various breakouts below; one that if nothing was increased BPU would in a deficit by 2027 and the revenue over the years is what allows BPU to do updates and repairs to infrastructure as well as assists with employee wages, etc.

<b><u>IF REVENUE OVER CURRENT EXPENSES REMAINED THE SAME</u></b>			<b>MRES 2024- 2028 Electric Added Costs</b>	
<b>Revenue after Expenses Remaining</b>	<b>YEAR</b>			
\$ 204,185.37	<b>2024</b>		2024 MRES 2.5 Increase	\$ 47,782.58
\$ 106,231.09	<b>2025</b>		2025 MRES 5% Additional Increase	\$ 145,736.85
\$ 3,379.39	<b>2026</b>		2026 MRES 5% Additional Increase	\$ 248,588.55
\$ (104,615.50)	<b>2027</b>		2027 MRES 5% Additional Increase	\$ 356,583.44
\$ (218,009.82)	<b>2028</b>		2028 MRES 5% Additional Increase	\$ 469,977.76
			<b>MRES 22.5% Increase</b>	<b>\$ 469,977.70</b>

The remaining options are broken out below as followed;

- Meter Increase
  - Will get us some revenue but will be in a deficit by 2026
- Option 1: Meter and Electric increase at 1 cent to all Customers
  - This includes a meter increase for residential, commercial, governmental and industrial
  - This is an across the board increase for residential, commercial and governmental
    - It does not include an increase to the Load Management System
    - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)
- Option 2: Meter and Electric increase at 2 cents to all Customers
  - This includes a meter increase for residential, commercial, governmental and industrial
  - This is an across the board increase for residential, commercial and governmental
    - It does not include an increase to the Load Management System
    - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)
- Option 3: Meter and Electric increase of a ½ cent to Residentials and a 1.5 cent increase to Commercial/Governmental Customers
  - This includes a meter increase for residential, commercial, governmental and industrial
  - This is a separate increase to Residents at ½ cent, 1.5 cent increase to Commercial and Governmental Customers
    - It does not include an increase to the Load Management System
    - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)

<b><u>2024 Rate Increase Options with Revenue Over MRES Expense</u></b>	
Only Meter increase	\$ 228,378.79
OPTION 1: Meter and Electric at .010\$	\$ 988,353.44
OPTION 2: Meter and Electric at .020\$	\$ 1,204,901.51
OPTION 3: Meter and .005 to Res; .015 to Comm/Indust	\$ 937,269.37
<b><u>2025 Rate Increase Options with Revenue Over MRES Expense</u></b>	
Only Meter increase	\$ 32,470.24
OPTION 1: Meter and Electric at .010\$	\$ 792,444.89
OPTION 2: Meter and Electric at .020\$	\$ 902,761.86
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 741,360.82
<b><u>2026 Rate Increase Options with Revenue Over MRES Expense</u></b>	
Only Meter increase	\$ (173,233.16)
OPTION 1: Meter and Electric at .010\$	\$ 586,741.49
OPTION 2: Meter and Electric at .020\$	\$ 803,289.56
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 535,657.42
<b><u>2027 Rate Increase Options with Revenue Over MRES Expense</u></b>	
Only Meter increase	\$ (389,222.94)
OPTION 1: Meter and Electric at .010\$	\$ 370,751.71
<b>OPTION 2: Meter and Electric at .020\$</b>	\$ 587,299.78
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 319,667.64
<b><u>2028 Rate Increase Options with Revenue Over MRES Expense</u></b>	
Only Meter increase	\$ (616,011.58)
OPTION 1: Meter and Electric at .010\$	\$ 143,963.07
OPTION 2: Meter and Electric at .020\$	\$ 360,511.14
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 92,879.00

Finance Officer Johnson went over the comparisons MRES provided that show where BPU sits regarding monthly bills of both residential and large general services and the data shows Breckenridge is the second lowest bill out of eleven other utilities for its residential rate and for the large general services there are only four utilities lower than Breckenridge and the median is only 3% higher. The Commission went through the various options thoroughly and felt to do a rate increase for the next three years and come back to reevaluate where costs are in 2026 to make an adjustment if needed for the 2027 fiscal year. Commissioner Martinson offered a motion to approve a meter rental rate increase for all customers (residential, commercial, industrial, and governmental) with a one cent increase to electric rates (kWh) to the residential, governmental, and commercial customers and do a \$3.00 demand (kW) increase for the Industrial customers but keep the Industrial customers electric rate (kWh) as is. The load management rates will also stay as is. The motion was seconded by Commissioner Karlgaard and carried unanimously.

**Other- Grant Writer**

Director of Public Services Crocker referred to the previous meeting where he written for a substation grant previously, but BPU did not receive it and as other updates and repairs are needed, he requested the BPU Commission would allow to fund a grant writer on a project-to-project basis or as part time to research and pursue grants that fit the scope of Breckenridge Public Utilities. City Administrator Conway shared she has worked with Widseth as they have a grant writer and used them to pursue a piece of equipment and that she is also connecting with Pelican Rapids as they have a grant writer part time researching various grants for departments.

**Financials**

November 30<sup>th</sup>, 2023, financial statements reviewed; no action necessary.

**Commission Comments**

None.

There being no further business, Commissioner Graves offered a motion to adjourn the meeting at 3:10p.m. The motion was seconded by Commissioner Summerville and carried unanimously.

Russell Graves, Secretary/Treasurer  
Breckenridge Public Utilities Commission